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FOREIGN SERVICE DESPATCH

FROM : Amembassy BENGHAZI

93
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON.

November 25, 1958
DATE

REF : Embtel 254, November 21, 1958

IO-4 EUR-5

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	AF-5	INFO RMR-2 REP-1 IRC-8 ICA-10 E-7 W/MSC-3
	REC'D 12-1	OTHER CIA-12 NSA-10 OSD-4 ARMY-4 NAVY-3 AIR-3

SUBJECT: Libyan-American Economic Collaboration

The Embassy transmits a memorandum of a conversation between the Ambassador and the Libyan Prime Minister on November 20, 1958.

The principal purposes of the Ambassador's call on the Prime Minister on the occasion of this conversation were (1) to call the Prime Minister's attention to the fact that a program for U.S. economic aid in 1959 was well along in preparation, and (2) as a matter of more immediate importance, to attempt to determine whether or not the Prime Minister intended introducing into the "Speech from the Throne", that will be delivered at the opening of the current Parliamentary session on December 8th, any critical references to American aid or any statements of Libyan Government intentions in regard to such aid (including the so-called "special funds") that might commit that Government to inflexible, and to the U.S. Government unacceptable, positions.

As the Department will note, while the Prime Minister stated that the Speech would not indicate a change in Libyan policy or contain criticisms of American aid, he was not so reassuring on other points. He stated that there would be references in the Speech to the matter of the "rent" for Wheelus Air Base and to the reorganization of the arrangements governing the administration of American (and other) economic aid. He maintained that these references would not be prejudicial to Libyan-American relations but would serve to make them closer.

The questions concerning the content and tone of the remarks in the Speech on the above topics still remain. On administrative reorganization, U.S. agencies in Libya have many times reiterated their willingness to make changes and some informal discussions on the steps to be taken have already been held. There would be no objection if the Prime Minister confined himself to these facts. He might, however, attempt to improve upon the facts by stating or implying that reorganization is the result of failure of Libyan-American collaboration in the economic field.

Similarly, on the question of the "rent" for Wheelus, there could be no objection to his stating that the Libyan Government has requested that the U.S. Government enter into discussions on the subject of the Economic Aid.

FKLindy/PMcC
1 enclosure

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Agreement of 1954, since it is a fact that such a request has been made. It would be unfortunate, however, if he made statements about the Libyan Government's intentions in regard to this agreement that would establish an extreme position from which he might later claim he could not retreat.

The Embassy is inclined to believe that the Prime Minister will not be so imprudent as to take (or will be restrained by the King from taking) the the more drastic positions mentioned above, but they are still possibilities.

J. Wesley Jones

Enclosure:

Memorandum of Conversation

Copies to:

Amembassy TRIPOLI (2)

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MEMORANDUM OF CONVERSATION

SUBJECT: Libyan-American Economic Collaboration

PARTICIPANTS: His Excellency 'Abd al-Majid Ku'bar,
Prime Minister and Minister of Foreign Affairs
of the United Kingdom of Libya

J. Wesley Jones,
American Ambassador

PRESENT: Frederic K. Lundy,
Economic Officer, American Embassy

Muhammad Salah,
Arab Secretary, American Embassy

DATE/PLACE: Nov. 20, 1958, 1:00 p.m., Prime Minister's Office, Benghazi

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The Ambassador opened the substantive discussion by stating that his purpose in calling was to continue his and the Prime Minister's talks on Libyan-American economic collaboration. (The Ambassador took the occasion to present to the Prime Minister a copy of a speech by Henry Cabot Lodge, U.S. representative in the United Nations General Assembly, concerning American military bases overseas).

In regard to Libyan-American economic collaboration, the Ambassador referred to his letter of October 31, with which was enclosed a copy of that part of the 1959 economic aid program that had already been developed at various working levels of the Libyan Government and U.S. aid agencies and was now being studied by the Libyan Development Council and by LARC. The Ambassador added that it was his understanding that the Development Council, LARC, and other Libyan Government agencies, under the direction of Mr. Shagluf, were now preparing a complete program, which would apparently be ready for presentation to the Prime Minister some time in the next week. If, after the Prime Minister had read and studied this program, he wished to discuss it, the Ambassador would, of course, be available.

The Ambassador then stated that he would like to talk about the Libyan press and about public statements concerning aid to Libya. The press had for some time been giving adverse and erroneous impressions of American aid, criticizing its administration as purely American, and discounting the benefits it brought to Libya. It would be most unfortunate if the Libyan Government should in its official statements seem to give support to or indicate approval of such erroneous impressions. For instance, on the question of reorganization of aid

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administration, American officials had over the past few months many times given their support, in letters to Mr. Shagluf and otherwise, to efforts to improve organizational relationships, including the establishment of the proposed new Development Council and the possible reorganization of the Joint Services. We should therefore appreciate seeing in Libyan Government statements a recognition of the facts of the current situation and some reflection of our joint hopes for future improvements in these matters.

This, the Ambassador continued, led to consideration of the statement of Libyan Government policy that would be made in the Speech from the Throne on December 8. He hoped there would be no critical references to Libyan-American economic relations or problems concerning military base rights. The speech given at the opening of the Cyrenaican Legislative Assembly had contained gratifying references to LPDSA, LARC, and the Joint Services. The Ambassador would hope that if in the Federal Government's speech there were going to be any indications of changes in policy or criticisms of present arrangements, the Prime Minister would discuss them with him beforehand and not publicly face the Ambassador and his Government with problems on which he had had no opportunity to comment.

The Prime Minister expressed his thanks to the Ambassador for informing him of the progress being made on the 1959 aid program. He hoped the new program would be better than last year's and would include the vital projects that the Libyan people wanted. He stated that the internal situation in Libya was very difficult and was used by the opposition against the Libyan Government and against the West. Since he and the Ambassador were accustomed to frank discussion, he hoped the U.S. Government would be understanding about the projects Libya needed.

About the press comments, it had long ago been decided that there was a great need for giving correct information to the Libyan people, but up to the present time the Libyan elements concerned with implementing this decision were still weak and unable to operate. The criticism in the press was actually directed against the Government. Many persons knew that LARC was a Libyan Government agency and should be under the control of Libyans, but these persons say it is not under Libyan control. So the idea was conceived of reorganizing the present Development Council to make it stronger in order that it might be able to control all development agencies. The Development Council Law was now ready and would be promulgated in due course. The Law had actually been drafted more by foreigners than by Libyans, i.e., by Mr. Gordon and others. The Prime Minister hoped the U.S. Government would appreciate this so that the implementation of projects could be carried out through the new organization. Then any criticisms would have to be leveled at Libyans instead of Americans. There might, perhaps, (laughter) still be criticism of the smallness of the amount of American aid.

As to the speech in the Cyrenaican Legislative Assembly, the Prime Minister offered his congratulations to the Ambassador, since assistance to the Province by LARC and LPDSA had been mentioned but no mention was made of assistance given

by other provinces and by the Federal Government. The Provincial Administration had, for instance, claimed to be discussing the matter of Benghazi Harbor with the "appropriate authorities" as if the Federal Government had had nothing to do with it!

The Prime Minister then said that the Speech from the Throne was always, by policy, brief. The Prime Minister himself preferred not to get into too much public discussion of details; he liked to say that the Government had done this and that, rather than to say it was going to do something. He thought, in fact he could state, that the coming Speech would not contain critical references displeasing to the Ambassador. There would be some mention of the Base Agreement, not about its articles or conditions, but about increasing the amount of payments, on which subject, in fact, he now had ready a memorandum for the Ambassador. The Speech would mention the need for discussion of "rent" and of aid reorganization. This would not mean that present Libyan-American relations would be strained but that they would be further consolidated by the elucidation of certain facts. The Ambassador might be at ease; the Speech would reflect no change in policy but would dwell upon matters leading to better relations and would reaffirm the intention of the Libyan Government to hold fast to its present course. He added that the Speech would also call for solutions to the Algeria and Palestine questions.

The Ambassador replied that he found this statement reassuring, in respect to Libyan-American relations. He said he appreciated the Prime Minister's consideration in telling him these things, and he would of course respect his confidence. He added that he must, however, confess to being somewhat disturbed about references in the Speech to the Base Agreement. He hoped that no public commitment on this score would be undertaken by the Government until the matter had been discussed between them.

The Prime Minister replied that his notes to the Ambassador on the Base Agreement and on aid reorganization were ready; he had them with him to present to the Ambassador, and there was still plenty of time for discussion before the opening of Parliament on December 8. He requested the Ambassador to do what he could to impress upon the U.S. Government the Libyan Government's point of view.

The Ambassador said his policy had always been to support and interpret to his Government the real needs of the Libyan Government.

When the Prime Minister then remarked that Dr. Buri (the ex-Foreign Minister) had been told in Washington this past summer that all agreements were subject to amendment, the Ambassador said he would like to report to the Prime Minister more fully what his Government had said to Dr. Buri. Dr. Buri had raised the subject of payments made under the Economic Aid Agreement, in particular the reduction envisaged in 1961. The U.S. Government had said it would give consideration to this matter and in recent messages had told the Ambassador that it was actually doing so.

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The substantive conversation closed with agreement on further discussion after the Ambassador had had the opportunity to read the memoranda given to him by the Prime Minister.

FKLundy/PMcC